communications and services that were jurisdictionally intrastate under the 1934 Act, and plenary authority to adopt the rules and policies that govern all interconnections under §251 (while at the same time expanding the states' role consistent with those policies). Thus, although §251(d)(3) is framed in prohibitory terms, it nonetheless makes clear that state commissions must act consistently with the requirements of §251.

Given the abbreviated time for developing initial rules under §251(d), Sprint does not believe that the Commission should devote much attention to ¶(d)(3) at this time. As a matter of comity and of fostering good working relationships with the states, the Commission should rely, in the first instance, on the good faith of state regulatory authorities in executing their responsibilities consistently with §251 and this Commission's regulations thereunder. Nonetheless, the Commission can subsequently use its authority to issue declaratory rulings, or to amend its regulations under §251(d), to override state policies on a case-by-case basis if the need to do so arises.

e. Interexchange Services, Commercial Mobile Radio Services, and Non-Competing Neighboring LECs

(1) Interexchange Services

In ¶¶160-162, the Commission tentatively concludes that although interexchange carriers, being telecommunications carriers, can seek interconnection under §251(c)(2), the obligations in ¶(c)(2) relate to interconnection only for the purpose of providing telephone exchange service and exchange access by the carrier requesting interconnection with the ILEC; thus, although an IXC may request cost-based interconnection for the purpose of offering competitive access service, it cannot do so in order to receive access services from the ILEC. The Commission notes that this construction seems most consistent with §251(i), which states that §251 should not be construed to "limit or otherwise affect" the Commission's authority under §201.

Whether the Commission's tentative construction is the correct one is among the most difficult questions of statutory interpretation raised by the 1996 Act. The savings clause in §251(i) certainly suggests that Congress intended not to automatically supersede the current regime for interstate access. On the other hand, had Congress intended that interconnection under §251(c)(2) would be available only to carriers seeking to provide competitive local services, it certainly would have been easy to make that intention clear.[37] Instead, ¶(c)(2) allows "any" telecommunications carrier to request interconnection.

One possible construction is that Congress intended to allow the continuation of the existing access charge regime side by side with the availability of access through interconnection pursuant §251 and 252. The fact that the latter avenue would give the states, through the agreement approval process, jurisdiction over interstate access is consistent with the new jurisdictional paradigm in the 1996 Act discussed in Point II.A., above. On balance, however, Sprint does not view the Commission's tentative conclusion that the interconnection contemplated by §251(c)(2) does not, by its terms, relate to the purchasing of access for the origination or termination of interexchange calls from the ILECs, as an unreasonable construction.[38]

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[37] Contrast ¶(c)(2) with ¶(b)(3), which specifically refers to "competing providers of telephone exchange service and telephone toll service... ."

[38] Sprint does not believe that §251(c)(2) interconnection is available only to carriers that provide both local exchange service and exchange access services (see ¶162). Rather, the use of "and" in §252(c)(2)(a) makes clear that the LEC is to provide interconnection to the requesting carrier for both purposes and cannot limit it to just one purpose, e.g., so as to keep a monopoly on access while permitting interconnection for purposes of competitive local service, or vice versa. The possibility, under Sprint's interpretation, that an IXC could use (c)(2) interconnection to obtain access by forming an affiliate whose sole purpose was to provide competitive access exclusively to the parent IXC is not a realistic one in view

Regardless of the ambiguity in §251(c)(2), the Commission is clearly correct in concluding (in ¶163) that §251(c)(3) allows carriers to

> request unbundled elements for purposes of originating and terminating interexchange toll traffic, in addition to whatever other services the carrier wishes to provide over those facilities.

The plain language of ¶(c)(3) ("the duty to provide to any requesting telecommunications carrier for the provision of a telecommunications service...") (emphasis added) is without limitation either as to the nature of the carrier or the nature of the service the carrier wishes to provide. This can only mean that the purchaser of unbundled network elements becomes the provider of access both to itself and to other carriers with respect to those elements and that, as the Commission tentatively concludes in ¶165, the incumbent LEC may not assess federal access charges (or, for that matter, intrastate access charges) related to those network elements.[39]

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of the obligation of all carriers to interconnect imposed in §§201 and 252(a).

[39] In ¶164, the Commission suggests that an interexchange carrier could not, as a practical matter, purchase unbundled elements only for the purpose of interexchange access, but would rather have to provide local exchange service to that end user as well. Sprint agrees with that conclusion, with one proviso. A purchaser of an unbundled loop to a customer premises obviously must provide whatever services the customer intends that loop to be used for. A customer may be willing to let an IXC buy the unbundled loop to its premises solely

(2) Commercial Mobile Radio Services

As Sprint explained in its comments in CC Docket No. 95-185, it believes that the Commission retains jurisdiction under §332(c) to prescribe interconnection arrangements between CMRS providers and ILECs, and has no additional views to offer at this time.

(3) Non-Competing Neighboring LECs

Sprint agrees with the Commission's tentative conclusion (¶171) that the interconnections encompassed under §251(c)(2) include the services provided by non-competing neighboring LECs. The Commission's interpretation of that provision in ¶¶160 and 161, i.e., that such interconnection is only available to other carriers that seek to provide local service or exchange access services, clearly encompasses neighboring LECs whether they have any present or future intention to compete. It would clearly be anti-competitive to allow an ILEC to provide interconnection on one set of terms to a non-competing carrier, and on different terms to a competitor. See, also, Point II.B.1, above.

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for purposes of interexchange service, and order a second loop from the ILEC for the provision of local services.

3. Resale Obligations of Incumbent LECs

b. Resale Services and Conditions

While §251(b)(1) prohibits all LECs from imposing unreasonable restrictions on resale, it is only ILECs that, in addition, must provide wholesale rates to resellers pursuant to §251(c)(4). Whether, as the market evolves, other LECs should have the same obligations as ILECs is, as discussed above, an issue that need not be resolved at this time.

Sprint believes that the only permissible restriction on resale is that residential local exchange services may not be resold to business customers. So long as residential rates for local service are set below costs,[40] it would be unfair to the ILECs to permit resellers to purchase below-cost residential service and resell it to business customers.

If resale is to be an effective means of local competition, electronic bonding between carriers, discussed in Point II.B.2.a(3) above, should be available to resellers for, inter alia, ordering and provisioning.

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[40] While competition and the need for rate rebalancing should drive most residential rates to costs, such rates in high-cost areas may continue to be set below costs, and supported by universal funding, for the foreseeable future.

c. Pricing of Wholesale Services

(2) Discussion

The wholesale price should be equal to the retail price, less the sum of the avoided costs (both fixed and volume-sensitive) for each category of costs such as marketing, sales, billing and collection, that are not incurred in providing service to retail subscribers. However, in calculating avoided costs, the ILEC should be credited with any added costs that are incurred because of the provision of the service on a wholesale basis.[41] Sprint is attaching, as Appendix C, an avoided cost study it recently utilized in a proceeding before the Tennessee Public Service Commission.

(3) Relationship to Other Pricing Standards

The Commission's rules should require that ILECs impute, in the aggregate, the same charges as are paid by the competitors for unbundled network elements, plus the costs of other services and functionalities actually used by the ILECs, in their own retail rates. An imputation requirement is of critical importance to ensure that ILECs are not permitted to engage in a price squeeze: charging competitors more for

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[41] For example, if a reseller takes away 100 customers from the ILEC, the ILEC's avoided billing costs are the costs of billing 99 customers rather than 100 customers, since the ILEC must also send a bill to the reseller.

components of the service than they charge their own retail customers.

The Commission correctly recognizes (¶185) that it would be difficult to comply with an imputation rule if rates for retail service are set below costs due to implicit, non-competitively neutral intrastate subsidy flows. At the same time, the Commission points out (¶187) that these problems could be solved by allowing ILECs to restructure their retail rates to eliminate the implicit subsidy flows that will bias competition.[42] Sprint submits that such action is not only desirable but indeed is required by §254, which requires any federal or state universal service support to be "specific" and "predictable" and obligates telecommunications carriers to contribute to such support only "on an equitable and non-discriminatory basis... ." It would clearly be inequitable and discriminatory for a state commission to allow an ILEC to charge its competitors full, cost-based rates for network

[42] In ¶186, the Commission observes that it may not be necessary to adopt an imputation rule even when the retail local services are priced at less than cost, because the ILEC may be charging above-cost rates for other services that the competing carrier would also be able to provide at above-cost rates (e.g., toll service, interstate access, vertical features). This possibility is clearly an inadequate substitute for an imputation rule. It would, in effect, sanction and artificially perpetuate above-cost rates for such services, thereby distorting demand, limiting consumer choice, and, in effect, nullifying the kind of market test that is at the heart of competition.

elements while allowing or requiring the ILEC to provide retail service below cost.

Sprint recognizes that there may be many states which have pursued below-cost residential rate policies in the past, and is aware of the fact that the 1996 Act provides for a longer period of time for adoption of universal service support mechanisms than for the promulgation of rules under §251(d). Sprint acknowledges that the states may need a period of adjustment to accomplish whatever rate rebalancing may be necessary in order to give ILECs a fair opportunity to comply with the imputation rule.[43] However, until the ILECs meet the imputation test their provision of unbundled network elements cannot be deemed to comply with §251.

C. Obligations Imposed on "Local Exchange Carriers" by §251(b)

In ¶195, the Commission seeks comment on whether the obligations imposed on "local exchange carriers" by §251(b) should be applied to CMRS providers. Sprint submits there is no sound basis for doing so at this time, even if the Commission allows CMRS providers to engage in fixed wireless local loop service. While Sprint's multi-billion investment

[43] Explicit universal service subsidies should be included in the imputation test. In high-cost areas where explicit universal service support is used to maintain below-cost local rates, if the imputed rates are allowed to exceed the local rates, eligible carriers purchasing unbundled elements should be allowed also to receive the universal service support.

in PCS service, through its Sprint Spectrum partnership with three major cable companies (TCI, Cox and Comcast), is evidence of Sprint's belief that there is a promising future for wireless communications, it is far from clear whether wireless services will ever be an effective substitute for most wireline local exchange service. In any event, the Commission has ample authority under §332 to impose whatever specific requirements on CMRS providers it believes are necessary in the public interest.

1. Resale

Sprint endorses the Commission's view (¶197) that "few, if any, conditions or limitations" on resale "should be permitted... ."[44] However, Sprint does not believe the Commission should fashion detailed rules on resale restrictions at this time. For two decades, the Commission has prohibited interexchange carriers from imposing unreasonable restrictions on resale, without the need to formulate detailed rules, and unless or until experience proves to the contrary, the Commission should proceed through

[44] Sprint's long distance tariffs do impose a few constraints applicable to resellers, but they are limited essentially to the protection of Sprint's reputation and Sprint's ability to comply with Commission rules and policies. For example, Sprint prohibits resellers from using Sprint's name without express permission, and also imposes obligations on resellers to furnish Sprint with information supporting PIC changes for dispute resolution purposes.

case-by-case adjudication in enforcing resale policies with respect to local exchange carriers as well.

The Commission is not empowered by §251(b)(1) to mandate, for non-incumbent LECs, the type of wholesale discount required specifically for ILECs in §251(c)(4). Only if the Commission determines, pursuant to §251(h), that additional local exchange carriers should be treated as ILECs, can other LECs be saddled with the obligations imposed by §251(c).

5. Reciprocal Compensation for Transport and Termination of Traffic

c. Definition of Transport and Termination of Telecommunications

Whether or not the obligations of §251(b)(5) are limited to transport and termination of local traffic is far from clear on the face of the statute.[45] This provision, by itself, does not restrict the type of traffic involved, and thus arguably applies to transport and termination of toll traffic as well as local traffic. However, placed in the context of §252(d)(2) -- which establishes a pricing rule for reciprocal compensation where one of the carriers is an ILEC -- it appears that Congress most likely intended to confine

[45] With respect to interconnection between LECs and CMRS providers, Sprint's comments in CC Docket No. 95-185 take the position that the 1996 Act does not affect the Commission's jurisdiction over such arrangements pursuant to §332. In keeping with the Commission's request (n.310 at ¶230), Sprint will not repeat those arguments herein.

this obligation to transport and termination of local traffic. Specifically, §252(b)(2)(a)(i) refers to the "mutual and reciprocal recovery by each carrier of costs associated with the transport and termination on <u>each</u> carrier's network facilities of calls that <u>originate</u> on the network facilities of the other carrier..." (emphasis added). Under the current paradigm for long distance service, an IXC does not terminate calls it receives from a LEC; rather, it hands them off to a LEC from which it buys terminating access. Likewise, long distance calls do not, by and large, originate on the IXC's network facilities either, but instead on the network of the LEC serving the calling party. Thus, long distance calls do not fit within the pricing rule in §252(d)(2) and thus may not be within the scope of §251(b)(5). In any event, there is no reason to construe §251(b)(5) as applying only to traffic passing between competing LECs and excluding traffic passing between neighboring LECs from its scope.

With respect to the issues raised in ¶231, Sprint does not view the fact that §252(d)(2) is entitled "CHARGES FOR TRANSPORT AND TERMINATION OF TRAFFIC" nor, for that matter, the fact that §251(b)(5) refers to compensation arrangements for "for the transport and termination of telecommunications," as conveying a <u>requirement</u> that there be separate charges for "transport" and "termination." By the same token, there is clearly nothing in the statutory language that <u>precludes</u>

separate charges for transport and termination. Rather, this issue is one that should be resolved by the Commission on the basis of sound economic policy. If the Commission determines that the transport should be charged separately from termination, it should require dedicated facilities to be priced on a flat-rated basis.

d. Rate Levels

In ¶232, the Commission observes that the language in §252 (d)(1) describing the pricing standard for interconnection and unbundled network elements in §251(c)(2), differs from the language used for the pricing standard in §252(d)(2) for reciprocal compensation involving an ILEC. Sprint believes that a different costing approach should be applied in establishing reciprocal compensation arrangements for transport and termination of traffic under §252(d)(2) than was applied to interconnection and individual elements under (d)(1). Although it is clear that the costing standard in §252(d)(2) differs from that in (d)(1), the exact nature of the difference is not spelled out in the statutory language. Considerable discretion is apparently left to this Commission and to the State commissions in adopting principles to govern the (d)(1) and (d)(2) costing standards.

In establishing costing standards for reciprocal transport and termination of traffic, Sprint believes the

Commission should make a distinction between non-traffic sensitive (NTS) facilities and traffic sensitive (TS) facilities. There would appear no real basis for imposing any charge upon an originating carrier for terminating traffic over the NTS facilities of another carrier. NTS facilities are, by definition, dedicated to the end user receiving a call. If the end user needs increased capacity -- either for originating or terminating traffic -- the end user's carrier will be required to provide additional facilities dedicated to the end user if the end user's service quality is not to deteriorate. In a very real sense, it is the end user that made the decision as to whether to add costs and such end user is therefore the primary "cost causer" for dedicated plant. Accordingly, it would seem logical that all of the costs for NTS loop facilities and for any dedicated portion of local switching should be paid for by the end user in the form of a flat charge which covers the entire cost of such NTS facilities and that no charge should be assessed the originating carrier.

For TS plant, Sprint recommends that the originating carrier be charged for transport and termination based on TSLRIC, without any add-on to cover shared costs. There are plainly important distinctions to be made in applying §252(d)(2). First, unlike (d)(1), the costs involved are reciprocal. Any failure to assign shared costs is therefore offset to the extent that local competitors terminate traffic on each other's networks. As a consequence of reciprocity, it is far less likely that an ILEC or any CLEC will be saddled with substantial shared costs more properly attributed to its competitors.

Second, reciprocal compensation for transport and termination under §251(b)(5) differs from the acquisition of individual facilities under §251(c)(2) and (3) in that for transport and termination, while the facilities may be "used" by a competing carrier, these facilities remain part of the network of the carrier that owns them. Reciprocal transport and termination does not involve the actual transfer of the facilities from the use of one carrier to the use of another. Therefore, the elimination of a shared cost charge would not discourage or penalize a local carrier that constructs its own facilities and enters into facilities-based competition. Each carrier continues to rely upon its own facilities whether leased or built. The threat to competition and, in particular to facilities-based competition, that was present in considering charges for interconnection and separate elements under (d)(1), is entirely absent under (d)(2).

Finally, the difference in statutory language in (d)(1) and (d)(2) suggests that Congress intended to draw some dichotomy in the costing standards to govern the respective sections. It is apparent, for example that (d)(2) urges a less formal, less precise standard than (d)(1). Thus, (d)(2) states, inter alia, that costs under (d)(2) are to be determined "on the basis of a reasonable approximation of the additional costs of terminating calls." Further, in making such a "reasonable approximation," neither this Commission nor any state commission may

> engage in any rate regulation proceeding to establish with particularity the additional costs of transporting or terminating calls, or to require carriers to maintain records with respect to the additional costs of such calls.

The use of this language, and Congress's apparent rejection of more precise standards, argues against any allowance for shared costs. As already noted, the application of shared costs is a refinement that is very difficult to measure under the best of circumstances and, unlike, the situation under (d)(1), its omission in determining reciprocal compensation would not have any serious impact upon competition and would not discourage carriers from building their own facilities. In light of these differences, Sprint recommends that the Commission omit the imposition of a charge for shared services for reciprocal transport and termination of traffic.

Sprint urges adoption of a principle that flat-rated, capacity-based port charges (set at TSLRIC costs) should be used for termination, and charges for transport should also be set at TSLRIC. The port charge is administratively simple and ensures that interconnecting carriers are compensated relative to the level of services provided. It is a standard industry method for interconnection (see Bellcore Standard No. TR-NWT-00499). It also provides an efficiency incentive in that interconnectors can maximize the utilization of these facilities by encouraging off peak usage.

Obviously, as IXCs enter the local exchange market, they will be entitled to enter into reciprocal compensation arrangements for termination of their local traffic. However, as explained above, Sprint does not believe that these arrangements were intended to cover the termination of toll traffic. Accordingly, it will be necessary either to segregate the local and toll traffic in separate trunk groups to allow for separate billing, or to apply factors that estimate the percentage of exchanged traffic that should be billed as exchange access.

e. Symmetry

Paragraph 235 defines symmetrical compensation arrangements as those in which the rate paid by the ILEC to the CLEC is the same as the rate paid by the CLEC to the ILEC. The Commission observes in ¶236 that symmetrical compensation would be administratively easier to manage than asymmetrical rates, which would necessitate the "complex and intrusive" task of evaluating the cost structure of non-dominant CLECs. The Commission further notes that symmetrical rates could reduce either the ILEC's or CLEC's ability to exercise market power, and would give carriers a greater incentive to lower their costs since the rates they charge would not be based directly on their own costs. In ¶237, the Commission notes countervailing considerations -- that different networks may have different cost characteristics, and that even with symmetrical compensation arrangements, a LEC might be able to use its bargaining power to extract a rate that is higher than relevant costs. Thus, in ¶238 the Commission asks whether it should require symmetry, allow asymmetrical rates, or leave the choice up to the states.

Sprint believes a hard-and-fast rate symmetry requirement is irreconcilable with the plain language of the pricing standard in §252(d)(2), which clearly contemplates that each carrier is entitled to recover its transport and termination costs. If an ILEC's costs are lower than that of a new entrant, it is difficult to justify precluding the new entrant from recovering the costs it incurs in handling traffic received from the ILEC. Conversely, there is nothing in the standard to suggest that the ILEC should be precluded from recovering its costs in circumstances where its added costs are higher than those of a CLEC. While CLECs should be given the option of adopting the ILEC's prices for transport and termination of traffic, they should not be required to do so, and their charges for transport and termination of traffic should be presumed to be cost-based and should not be regulated unless or until the CLEC develops market power.

In ¶238, the Commission suggests that if asymmetric compensation is allowed, and a CLEC charges a higher termination rate than the ILEC, the ILEC should be able to pass on the differential in the form of an extra charge to the caller. Sprint urges the Commission to consider very carefully the wisdom of such an extra charge. By and large, LECs today base their local exchange rates -- particularly for residential subscribers -- on a flat monthly charge regardless of the amount of usage, of how many calls are originated or received by their customers, or where, within a local calling area, such calls begin or end. Even when they employ measured rates, such rates do not vary explicitly with cost causative factors such as how many switches the call traverses, the distance of the call, etc. Thus, there is a substantial amount of cost averaging embodied in the rate structures for local service today. The differential in charges that an ILEC may have to pay a CLEC for a typical call may in fact be no greater than the costs it incurs for many types of on-net calls it handles for its own customers at no additional charge.[46] At the same time, the ability to impose additional

[46] It also might be very difficult to determine whether the total transport and termination charges of a CLEC are higher than those of an ILEC. For example, a CLEC may have only one switch in a metropolitan area, and thus the ILEC's cost of purchasing transport to the CLEC's switch may be very low,

charges on customers for calls to customers of adjacent or competing LECs could easily be abused by an ILEC as an anticompetitive tactic. While there may be extreme cases that would justify such additional charges, they should not be permitted without careful consideration and review.

Finally, Sprint wishes to express its concern over the Commission's speculation (¶¶236-37) that either with or without symmetrical compensation rates, an ILEC could negotiate an excessively high termination charge. The regulations adopted in this rulemaking should be sufficiently clear and detailed to prevent ILECs from imposing excessive charges for terminating traffic. Even if a CLEC were to agree to pay excessive charges in order to reach a prompt agreement, the state commissions are obligated by §252(e) to reject agreements that violate §251 and the Commission's standards thereunder.

f. Bill and Keep Arrangements
and
g. Other and Possible Standards

Sprint believes that bill and keep arrangements, which have been a common form of ILEC-to-ILEC interconnection for years, have much to commend themselves. They are simple, easy

whereas the CLEC may have to purchase transport to a large number of ILEC switches. Thus, even if the CLEC's charges for termination were higher than those of the ILEC, the total costs of transport and termination might be the same, or even less for calls terminating on the CLEC's network.

to administer, and obviate the need to measure and bill for interconnected traffic. Where traffic flows are equal in each direction, and termination costs are identical for each of the interconnecting carriers, they result in compensating each carrier just as fully as if costs were computed to the fourth decimal place and traffic were measured minute by minute. Even where interconnected traffic is not directionally balanced, bill and keep can be a fully cost-based method of reciprocal compensation so long as the traffic imbalance is offset by an imbalance in the transport and termination costs of the carriers that are party to an interconnection.[47]

Bill and keep arrangements can also be useful in allowing interconnections to commence at a time when the cost characteristics of one or more of the carriers and the directional balance of traffic have not yet been determined. This situation will commonly be the case as competition begins to develop in the local exchange market. New entrants into local exchange service may employ a wide variety of business arrangements for entering the market, ranging from pure resale, to use of unbundled network elements, to building their own plant all the way to the end user's premises.

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[47] For example, if carrier A sends two minutes of traffic to carrier B for every minute of traffic received from carrier B, but carrier A's termination costs are twice as high as carrier B's per unit of traffic, bill and keep would allow both carriers to fully recover their costs.

Realistically, new entrants will probably utilize a combination of these methods, shifting from one strategy to another as demand, cost factors, and circumstances permit. Thus, in the start-up phase of competitive local service, it would be virtually impossible to determine, in advance, the termination costs of the CLEC with any degree of certainty. Furthermore, the directional balance of interconnected traffic cannot be ascertained in advance.

For these reasons, Sprint urges the Commission to adopt, as a general policy, the use of bill and keep for an interim period not to exceed two years from the date each CLEC begins to exchange traffic within the ILEC.[48] A virtue of bill and keep for such interim purposes is that because both relative costs and traffic flows are unknown, bill and keep does not, a priori, favor one party or another. Moreover, there is no reason to believe that during the start-up period, there will be any significant imbalance in traffic flows between ILECs and CLECs, and demand levels will probably be low in any case. Thus, even if costs and traffic are not in perfect balance, there is likely to be no significant harm to either party.

The RBOCs have argued that §252(d)(2)(B)(i) precludes the Commission and state commissions from prescribing bill and

[48] Bill and keep would cover end-office switching and use of loop facilities to reach the end user. Transport would be separately provided, using prices used on TSLRIC costs.

keep (cf. ¶243), claiming that only carriers may employ bill and keep by waiving their right to cost recovery. Their reading does not parse out. In that provision, it is "arrangements" -- not carriers -- that "waive" mutual cost recovery. In addition, bill and keep is fully consistent with mutual cost recovery in circumstances where costs and traffic flows balance out. Moreover, all that §252(d)(2)(A)(ii) contemplates is recovery "of a reasonable approximation" of costs. Thus, given the proper circumstances, Sprint believes the Commission is entitled to prescribe bill and keep, and for the reasons discussed above, submits that such a prescription for an initial two-year period is warranted as a matter of policy.

In advocating bill and keep arrangements for reciprocal compensation during this initial two year period, Sprint does not intend to preclude carriers from voluntarily adopting bill and keep for a longer period, or voluntarily agreeing to a different arrangement before the end of the two year period.

D. Duties Imposed on "Telecommunications Carriers" by Section 251(a)

Sprint agrees with the Commission's conclusion (¶246) that "telecommunications carrier" as defined in §3(44) includes all common carriers, including those providing local, interexchange and international services. Sprint also agrees with the Commission's suggestion, in ¶248, that §251(a) allows non-incumbent LECs to fulfill their interconnection obligations with other carriers either through direct interconnections or indirectly through a third carrier, at their discretion.

CONCLUSION

Sprint urges the Commission to promulgate rules under §251(d) in accordance with its comments above.

Respectfully submitted,

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TSLRIC GUIDELINES

Definition:

Total Service Long Run Incremental Cost (TSLRIC) represents the incremental cost of an entire service. (TSLRIC is also known as Long Run Service Incremental Cost (LRSIC) or Total Incremental Cost (TIC)). Specifically, TSLRIC includes all fixed and volume sensitive costs created by offering the service, or avoided by not offering the service. In other words, the TSLRIC of a specific service is equal to the difference between (1) the total cost of the company providing all services, and (2) the total cost of the company providing all services except the specific service.

The TSLRIC of a group of services is equal to the TSLRIC of each individual service within the group, plus those fixed and volume sensitive costs created by offering that group of services, but are not affected by any of the individual services within the group.

TSLRIC should include only current or forward looking technologies.

Typically, TSLRIC studies involve determining the incremental investment associated with a specific service, and applying an appropriate annual charge factor. Unless spare capacity is driven by specific services, an average utilization, rather than a theoretical capacity utilization, should be employed since it more accurately reflects the actual costs incurred by the incumbent LEC to provide a network component. A theoretical capacity utilization would result in a cost to the competitive LEC which is lower than that actually realized by the incumbent LEC, which would uneconomically discourage facilities-based competition.

TSLRIC Investment of Unbundled Network Elements

For unbundled loop, switching, and transport, while specific equipment will vary in practice, the following investment items are typically included in the incremental investment

Unbundled Loop:

- Feeder Plant
    - ◊ Fiber feeder
    - ◊ Conduit
    - ◊ Fiber hubs
    - ◊ Fiber nodes
    - ◊ Remote terminals